TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 236 - SB 306

April 1, 2015

SUMMARY OF BILL: Authorizes the use of a transfer-on-death deed in order to transfer real property and automobiles upon the death of the owner to the owner's designated beneficiary.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds $349,700

Increase Federal Expenditures – Exceeds $650,300

Assumptions:

- Based on information from the Bureau of TennCare, this bill could potentially create difficulty for TennCare to recover expenditures from individuals participating in the TennCare CHOICES long-term care program; this program collects on monies expended for long-term care of the participant by collecting on their homesteads once the participant and their spouse are deceased.
- The instrument in this bill transfers the deed to a third party upon the death of the owner, possibly circumventing TennCare's ability to collect.
- The fiscal impact to the Bureau of TennCare could be a very significant loss in recovery revenue that would otherwise reimburse expenditures that the CHOICES long-term care program had made on the behalf of the deceased individual. The extent of any such decrease in recoverable funds is unknown because such impact would be dependent upon several factors such as the extent of long-term care received by any participant up until death, the value of the participant's estate, the timing for any participant's death, and the extent to which assets would be recoverable under current law.
- According to the Bureau of TennCare, the bureau collected over $19,000,000 in FY13-14 from individuals' estates to recover expenses incurred on the behalf of participants who received long-term care from the CHOICES program.
- Given the extent of unknown factors, a precise loss of recovered funds to TennCare cannot be determined; however, such amount could easily exceed $1,000,000 per year.
- For each $1,000,000 of unrecoverable funds, the Bureau of TennCare would require an appropriation of state funds and a drawdown of federal funds in order to maintain a constant level of long-term care services to other participants. The recurring increase in state expenditures at the 34.965 percent match rate would be $349,650 ($1,000,000 x 0.34965) and the recurring increase in federal expenditures at the 65.035 percent rate would be $650,350 ($1,000,000 x .65035).

- Based on information from the County Technical Assistance Service (CTAS), the fiscal impact to local governments of this bill is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Jeffrey L. Spalding, Executive Director

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